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Tan Chong International Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 693)

INTERIM RESULTS

The Board of Directors (the “Board”) wishes to announce the following unaudited results of the Group for the six months ended 30 June 2010.

Consolidated Income Statement

	Notes	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Revenue	2	3,041,749	2,312,949
Cost of sales		<u>(2,619,737)</u>	<u>(2,008,115)</u>
Gross profit		422,012	304,834
Other operating income		95,751	170,915
Distribution costs		(133,325)	(132,634)
Administrative expenses		(204,570)	(175,968)
Other operating expenses		<u>(6,597)</u>	<u>(6,396)</u>
Profit from operations		173,271	160,751
Financing costs		(13,371)	(22,149)
Share of profit less losses of associates		<u>31,873</u>	<u>24,692</u>
Profit before taxation	3	191,773	163,294
Income tax expense	4	<u>(31,308)</u>	<u>(15,879)</u>
Profit for the period		<u><u>160,465</u></u>	<u><u>147,415</u></u>
Attributable to:			
Equity shareholders of the Company		152,471	147,962
Minority interests		<u>7,994</u>	<u>(547)</u>
Profit for the period		<u><u>160,465</u></u>	<u><u>147,415</u></u>
Earnings per share (cents)	6		
Basic and diluted		<u><u>7.6</u></u>	<u><u>7.3</u></u>

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit for the period	<u>160,465</u>	<u>147,415</u>
Other comprehensive income for the period		
Exchange differences on translation of financial statements of:		
- overseas subsidiaries	47,139	(20,971)
- overseas associates	<u>11,118</u>	<u>(12,371)</u>
	58,257	(33,342)
Available-for-sale securities:		
- net movement in the fair value reserve	<u>4,390</u>	<u>-</u>
	<u><u>62,647</u></u>	<u><u>(33,342)</u></u>
Total comprehensive income for the period	<u><u>223,112</u></u>	<u><u>114,073</u></u>
Attributable to:		
Equity shareholders of the company	213,980	113,215
Minority interests	<u>9,132</u>	<u>858</u>
Total comprehensive income for the period	<u><u>223,112</u></u>	<u><u>114,073</u></u>

Consolidated Balance Sheet

	Notes	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Non-current assets			
Investment properties		1,674,018	1,662,039
Property, plant and equipment		1,565,474	1,510,389
Lease prepayments		200,704	202,889
Interest in associates		669,686	640,330
Other financial assets		197,569	194,577
Hire purchase debtors and instalments receivable		89,474	92,447
Deferred tax assets		14,718	15,187
		<u>4,411,643</u>	<u>4,317,858</u>
Current assets			
Investments		482,572	432,419
Inventories		1,292,482	1,201,709
Properties held for sale		312,379	317,094
Trade debtors	7	360,330	298,127
Hire purchase debtors and instalments receivable		67,323	72,967
Other debtors, deposits and prepayments		203,905	143,522
Amount due from related companies		12,129	11,712
Cash and cash equivalents		1,835,342	1,773,876
		<u>4,566,462</u>	<u>4,251,426</u>
Current liabilities			
Bank overdrafts (unsecured)		13,804	14,558
Bank loans (unsecured)		1,060,741	783,372
Trade creditors	8	245,599	339,336
Other creditors and accruals		338,684	325,478
Amounts due to related companies		3,230	3,196
Taxation		37,914	32,278
Provisions		27,166	16,318
		<u>1,727,138</u>	<u>1,514,536</u>
Net current assets		<u>2,839,324</u>	<u>2,736,890</u>
Total assets less current liabilities		<u>7,250,967</u>	<u>7,054,748</u>
Non-current liabilities			
Deferred tax liabilities		76,301	76,109
Bank loans (unsecured)		514,231	461,512
Provisions		12,702	11,974
		<u>603,234</u>	<u>549,595</u>
NET ASSETS		<u>6,647,733</u>	<u>6,505,153</u>
Capital and Reserve			
Share capital		1,006,655	1,006,655
Reserves		5,581,553	5,448,105
Total equity attributable to equity shareholders of the Company		<u>6,588,208</u>	<u>6,454,760</u>
Minority interests		<u>59,525</u>	<u>50,393</u>
TOTAL EQUITY		<u>6,647,733</u>	<u>6,505,153</u>

Notes:

1. **Basis of preparation**

The unaudited interim financial statements have been prepared in accordance with the requirements of the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

2. **Segment Reporting**

(a) *Segment results*

	Group Revenue		EBITDA	
	<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Business lines				
Motor vehicle distribution	2,430,980	1,878,071	57,464	(23,948)
Heavy commercial vehicle and industrial equipment distribution	349,211	260,798	62,388	37,855
Property rentals and development	42,888	36,433	9,272	12,499
Other operations	218,670	137,647	90,684	168,981
	<u>3,041,749</u>	<u>2,312,949</u>	<u>219,808</u>	<u>195,387</u>

	Group Revenue	
	<i>Six months ended 30 June</i>	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical areas		
Singapore	1,053,124	1,299,015
Hong Kong	38,561	41,590
PRC	1,353,788	664,617
Others	596,276	307,727
	<u>3,041,749</u>	<u>2,312,949</u>

(b) *Reconciliation of reportable segment profit or loss*

	<i>Six months ended 30 June</i>	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
EBITDA	219,808	195,387
Depreciation and amortisation	(59,239)	(54,294)
Interest income	12,702	19,658
Finance costs	(13,371)	(22,149)
Share of profits less losses of associates	31,873	24,692
Consolidated profit before taxation	<u>191,773</u>	<u>163,294</u>

3. **Profit before taxation**

	<i>Six months ended 30 June</i>	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Interest expense	13,371	22,149
Amortisation of lease prepayments	3,262	3,197
Depreciation of property, plant and equipment	55,977	51,097
Gain on disposal of property, plant and equipment	(6,001)	(4,318)
Increase in fair value of listed equity securities	(50,153)	(127,900)
	<u>(50,153)</u>	<u>(127,900)</u>

4. **Taxation**

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	-	1,200
Elsewhere	31,308	14,679
	<u>31,308</u>	<u>15,879</u>

Taxes on profits have been provided for at the applicable rates of taxation on the estimated assessable profits arising in the relevant jurisdictions for the period.

5. **Dividends**

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of HK\$0.015 (2009: HK\$0.01) per ordinary share	30,200	20,133
	<u>30,200</u>	<u>20,133</u>

6. **Earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2010 is based on net profit attributable to equity shareholders of the Company of HK\$152,471,000 (2009: HK\$147,962,000) and the weighted average number of shares of 2,013,309,000 (2009: 2,013,309,000) in issue during the period.

Diluted earnings per share for the periods ended 30 June 2010 and 2009 is the same as the basic earnings per share as there were no dilutive securities outstanding during the periods presented.

7. **Trade debtors**

Included in trade debtors are debtors (net of impairment losses) with the following ageing analysis:

	At 30 June	At 31 December
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	313,049	265,495
31- 90 days	37,711	21,774
Over 90 days	9,570	10,858
	<u>360,330</u>	<u>298,127</u>

The Group allows credit periods from seven days to six months.

8. **Trade creditors**

Included in trade creditors are creditors with the following ageing analysis:

	At 30 June	At 31 December
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	79,149	242,540
31-90 days	127,004	57,242
91-180 days	25,746	20,604
Over 180 days	13,700	18,950
	<u>245,599</u>	<u>339,336</u>

9. Comparative figures

Certain comparative figures have been reclassified to conform with current period's presentation.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK\$0.015 (2009: HK\$0.01) per ordinary share on the shares in issue amounting to a total of HK\$30,200,000 (2009: HK\$20,133,000), which will be payable on 8 September 2010 to shareholders whose names appear on the Register of Members on 31 August 2010. Dividend warrants will be sent to shareholders on 8 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 27 August 2010 to 31 August 2010, both days inclusive. During this period, no transfer of shares will be effected and registered.

In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on 26 August 2010.

MANAGEMENT REVIEW

RESULTS

The first half of 2010 was challenging for the Group. For the first time in its 12 years history, more than 50% of its half-year revenue was derived outside of Singapore, reaching 65% against 44% for the same period of 2009. In terms of revenue, first half of 2010 was HKD3.0 billion as compared to HKD2.3 billion, a 32% improvement over the corresponding period for 2009. Although revenue in Singapore registered a drop of 19%, it was compensated by more than double increases in revenues from China, Philippines and Taiwan.

When compared to first half of 2009, group earnings per share and sale units improved from HK7.3 cents to HK7.6 cents, and 6,549 to 8,715 respectively. Profits were tempered by intense competition; high yen value relative to the local currencies and additional expenses on infrastructural expansions and start ups that have yet to contribute to profit.

Compared to the corresponding first half of 2009, total comprehensive income improved substantially from HKD114 million to HKD223 million.

Group NTA per share as at the end of June 2010 rose to HKD3.30 from HKD3.23 as at the end of December 2009. In line with better results the proposed interim dividend will be increased to HKD0.015 as against HKD0.01 interim dividend for last year.

MITSUBISHI FUSO TRUCK BUSINESS IN THAILAND

Assembly and sale of Fuso trucks have commenced and is running smoothly. Revenue and profit contributions from this business are expected to grow steadily in the coming years.

NANJING PROJECT IN CHINA

Work on the building of the automotive seat manufacturing plant has started with a capital commitment of HKD50 million and completion is expected next year.

FINANCE

Infrastructural projects like the Nanjing Automotive Seat Plant, the 4S Subaru Centre in Panyu China and the retrofitting works at Tan Chong Tower have increased capital commitment to HKD232 million from HKD31 million as at the end of 2009. Higher stock holdings and higher trade debtors because of increasing car sales in China, Philippines and Taiwan has resulted in a reduction of net cash compared to the corresponding period of 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the results of the Group for the period ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

No director of the Company is aware of any information which would reasonably indicate that the Company is not, or was not, at any time during the six months ended 30 June 2010, acting in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules of the Stock Exchange. The independent non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Bye-Laws. The Chairman had been instrumental in listing the Group. He has in-depth professional knowledge of, and extensive experience in the automobile industry and full cognizance of the workings of the business operations of the Group. In view of this, the Board would like him to continue with some executive functions. The balance of power and authority is ensured by the participation and input of the other Board members who are highly qualified and experienced professionals. The roles of the respective executive directors and senior management who are in charge of different disciplinary functions complement the role of the Chairman and Chief Executive Officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to make and implement decisions promptly and efficiently.

By Order of the Board
Sng Chiew Huat
Finance Director

Hong Kong, 28 July 2010

Website: <http://www.tanchong.com>

As at the date of this announcement, the executive directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. Independent non-executive directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo and Mr. Tan Ngiap Joo. The Honorary Life Counsellor of the Company is Dato' Tan Kim Hor.